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B-9-10 file
AP-1-0107

DOC NO. Approved For Release 2007/09/01 : CIA-RDP78-04718A000600310004-9
IN CLASS / DECLASS / CLASS CHANGED TO: TS S C RET. JUST. 22 MAY 53

BOX NO. Security Information
FD NO.

NEXT REV DATE '89 REV DATE 22-6-79

DOC. NO. 3 NO CHANGE

REV CLASS / CREATION DATE - ORG COMPL 3008630 ORG CLASS S 22 May 53 JSE

AUTH. AUTHORITY 3008630

REV COORD.

11 May 1953

MEMORANDUM FOR: Director of Central Intelligence
SUBJECT : Air Conditioning

1. Pursuant to your request, attached hereto are:

a. Staff study written last summer to record the steps taken to obtain approval to spend unvouchered money for air conditioning equipment (the Bureau of the Budget actually authorized us to spend \$750,000 which we estimated would be required to air condition our temporary buildings; (Tab A)

b. Facts on air conditioning project which we submitted to the Bureau of the Budget requesting release of an additional \$291,000 to air condition the space acquired since previous authorization received; (Tab B)

c. Letter from the Bureau of the Budget releasing \$291,000 for this purpose; (Tab C)

d. Memorandum outlining steps taken by the Director to obtain previous approval from appropriate members of Congress. (Tab D) DR

2. Pursuant to our discussion this morning, if you feel that you cannot give approval to this expenditure without clearance again with appropriate members of Congress, I recommend that it be deferred at the present time. CL

3. I have looked into the possibility of postponing any moves until the hot weather has passed. I believe, however, that the existing overcrowded conditions are almost as big a morale factor as will be hot weather without air conditioning. In addition, we would certainly be criticized by the Public Buildings Service for not using this space, and we might lose it.

4. We will not be completely without air conditioning units in our newly acquired space. We have about 273 units which were acquired within the previous authorization and which can be used in the most critical locations of the new space.

5. I, therefore, recommend that we proceed with our moves as planned, regardless of whether or not approval for the additional air conditioning equipment is obtained at this time.

LEGIB

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4 Att

Tabs A, B, C, D

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Security Information

L. K. WHITE
Assistant Deputy Director
(Administration)

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TAB

A

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E.R. 3-1521

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JUL 28 1952

TO: Director of Central Intelligence
FROM: Acting Deputy Director (Administration)
SUBJECT: Air Conditioning

1. PROBLEM.--To provide and install air conditioning equipment for those portions of the temporary buildings occupied by CIA not presently air conditioned.
2. ASSUMPTIONS.
 - a. That the Bureau of the Budget is willing to release sufficient funds to procure and install the equipment.
 - b. That General Services Administration will give advice and assistance on procurement and will do the necessary wiring and installation on a reimbursable basis and will furnish the electric power required.
3. FACTS BEARING ON THE PROBLEM.--A statute (40 U.S.C. 317, as amended) prohibits expenditure of Government funds for procurement of air conditioning equipment except funds appropriated for that purpose to the General Services Administration or otherwise specifically authorized by the Congress. This is a blanket prohibition applying to all Government funds and expresses the clear intent of the Congress to limit and control the purchase of air conditioning equipment of all types. The Congress has given to GSA very little money for this purpose and normally it would be necessary to obtain specific language in an appropriation act in order to procure the desired equipment legally. CIA does not get annual appropriation language and could not, therefore, take the normal approach.
4. DISCUSSION.--GSA supports the idea of air conditioning the CIA buildings as a whole. The Bureau of the Budget has agreed to release at this time sufficient funds to air condition only a portion of the temporary buildings, but has stated that the legal authority to expend them for procurement of air conditioning equipment is a problem for CIA to solve.

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Final authority on legality of expenditures of the Executive Branch is the Comptroller General. He has indicated through his General Counsel that he would be compelled to object to expenditure for air conditioning equipment out of vouchered funds, which would be audited by the General Accounting Office. He stated that he would have no objection to use of the unvouchered authority given to CIA by the Congress provided appropriate members of Congress indicated their approval. This is an exception to our commitment to the Comptroller General and the Congress that this authority would be used only for confidential, emergency or extraordinary purposes. (Full details of our discussion with the Comptroller General's office are set forth in Annex A.) However, Senators O'Mahoney and Ferguson and Representatives Taber and Mahon have indicated to the Director their approval of the air conditioning program.

5. CONCLUSIONS.--It is legally permissible for the Agency to expend such funds as may be released by the Bureau of the Budget for the procurement of air conditioning equipment despite the basic statutory prohibitions.
6. ACTION RECOMMENDED.--That the Director approve the procurement through unvouchered funds by CIA Procurement and Supply Office of air conditioning equipment requested by the Chief, Administrative Services, within the amounts made available by the Bureau of the Budget.

[REDACTED]

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Acting Deputy Director
(Administration)

ANNEX:

A

CONCURRENCES:

Comptroller [REDACTED]

General Coun. [REDACTED]

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ACTION BY APPROVING AUTHORITY:

Date

JUL 29 1952

Approved (~~disapproved~~), exceptions, if any.

[REDACTED]

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26 June 1952

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APPENDIX A

Mr. Saunders and I discussed today with Mr. Lyle Fisher, General Counsel to the Comptroller General, the problem of procuring air conditioning equipment for the CIA buildings which are not presently taken care of. I outlined the history of the attempts to get a building for CIA and the reasons for withdrawal of the request for funds. I pointed out that as a result of the withdrawal we would be forced to continue occupying the present buildings for an indefinite period of time. I mentioned the temperature conditions in those buildings and the effect on efficiency, security and loss of man hours. I related our discussion with GSA in which the GSA representative actively supported the idea that we air condition all the remaining portions of the Agency, and I further stated that the Bureau of the Budget had tentatively approved release of the necessary funds, but that it left to us the question of whether such funds could legally be spent for the desired equipment in view of the statutory restrictions on procurement. I also noted that since we did not get an annual appropriation act, we could not logically ask for specific language authorizing the expenditure. Mr. Fisher asked if it would not be possible for us to utilize our authority for expenditure of unvouchered funds. I stated that as a matter of principle we did not wish to do this unless it was clear that the expenditure was the type for which unvouchered funds were provided, and that there was no clear indication here of Congressional intent. I stressed that our appropriation matters were handled in a most confidential manner with the very minimum number of Congressmen who must necessarily be aware of our activities, and that the key members of Congress in this case would be Representative Mahon on the House side and probably Senator O'Mahoney on the Senate side. Mr. Fisher said that he did not see how he could approve use of vouchered funds which would be audited by the GAO, but that he would have no objection to our expenditure of unvouchered funds for procurement of the necessary air conditioning equipment provided we had the specific approval of the appropriate members of Congress, presumably Mr. Mahon and Senator O'Mahoney. We agreed that this was a satisfactory solution, and that we would continue in the future to utilize unvouchered funds for anything we thought appropriate for covert operations, but would not use them for this type of administrative expense without prior discussion with his office. I consider this another example of the outstanding cooperation we have received from Mr. Fisher in the past which is based primarily, I believe, on his confidence in the manner in which we are utilizing the extraordinary financial powers granted to us by the Congress.

[Redacted]
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FACTS ON AIR CONDITIONING PROJECTFUNDS:

Previous Authorization	\$ 750,000
Expended to Date	<u>641,000</u>
Unobligated Balance	\$ 109,000

Required for air conditioning - newly acquired space in 5 buildings - 168,500 square feet (Curie Hall, Building [redacted] Alcott Hall, Barton Hall, Recreation and Services Building) \$ 400,000
Less Unobligated Balance 109,000
Additional Funds Required \$ 291,000

25X1A

LEGAL OBSTACLES:

An existing statute (40 U.S.C. 317, as amended) prohibits the use of Government funds for procurement of air conditioning equipment except those funds appropriated to the General Services Administration or unless otherwise specifically authorized by Congress.

PREVIOUS CLEARANCES:

General Accounting Office - Mr. Fisher, General Counsel
Bureau of the Budget - Mr. Macy, Mr. Staats, Assistant Director, and
Mr. Lawton, Director
Congressional - Senate - Senator O'Mahoney and Senator Ferguson
- House - Representative Taber and Representative Mahon

All of the above agreed that due to the existing statutory prohibition vouchered CIA funds could not be used but agreed to use of unvouchered funds.

PREVIOUS JUSTIFICATION:

25X1X8

Actual loss of 52,000 man hours by dismissals due to excessive heat valued at \$150,000 from the 25th of June to the 29th of July, 1952 and an additional \$100,000 in lost time for the balance of the season. Also, loss of productivity and reduced efficiency in the Agency.

JUSTIFICATION FOR THIS PROJECT:

Estimated loss of 51,800 man hours (1600 employees dismissed 4 hours per day on 8 days - 32 hours per employee at an average salary of \$2.70 per hour \$ 139,860

On this basis, investment can be amortized in 3 summer seasons. All buildings to be air conditioned are temporary barrack type buildings having inadequate insulation. In addition to eliminating loss of time due to dismissals, air conditioning will increase volume and quality of production and improve employee morale.

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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

May 5, 1953

Mr. E. R. Saunders
Comptroller, Central Intelligence Agency
2430 "E" Street, N. W.
Washington 25, D. C.

Dear Mr. Saunders:

This will acknowledge your letter of April 23, 1953, in which you requested the approval of the Bureau of the Budget for an adjustment in the CIA current budget of \$30,000 for constructing an addition on one of the present [redacted] buildings in [redacted]. This is to inform you that there is no objection to this increase in the amount programmed for construction for this purpose starting in 1953.

We also have received your justification for a release of \$291,000 for the purchase and installation of air conditioning equipment in temporary buildings recently occupied by CIA. This is to inform you that there is no objection to the use of funds in this amount for the equipment as outlined in your justification. It is assumed that it will not be necessary to draw upon your contingency reserve for this purpose.

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Sincerely yours,

Robert M. Macy
Chief, International Division

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ER-4-0106

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Security Information

11 May 1953

MEMORANDUM FOR: Director of Central Intelligence
SUBJECT : Air Conditioning
REFERENCE : Memo dated 28 Jul 52 to DCI fr A-DD/A, sub: "Air Conditioning."

1. About mid-July, 1952, I had several discussions with the Director concerning the expenditure of unvouchered funds to air condition our temporary buildings. After appropriate discussions with representatives of the Bureau of the Budget and the General Accounting Office (as outlined in referenced staff study) I advised the Director that the Bureau of the Budget would release funds and that the General Accounting Office would not object to such an expenditure, provided the Agency had specific approval from appropriate members of Congress.

2. I suggested that the Director request such approval from Representatives Mahon and Taber and Senators O'Mahoney and Ferguson. He advised me later that he had contacted each of these individuals and that they had given their approval for this expenditure. In fact, I was present in the Director's Office when he talked on the telephone to at least two, and, I believe, three of the Congressmen to obtain their approval. In each case General Smith merely told the Congressmen that we were losing a tremendous number of man hours due to dismissals because of excessive heat in our temporary buildings and that morale and efficiency were deteriorating rapidly. He then said that we estimated it would take approximately \$750,000 to air condition our temporary buildings and that the approval of the individuals named above was necessary prior to making this expenditure. In each case the Congressmen gave their approval without hesitation.

[Redacted]

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L. K. WHITE
Assistant Deputy Director
(Administration)

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